

# Reimbursement Instructions for the School Nutrition Programs

This section was prepared for and is directed to sponsors' claim preparers to help them complete claims for reimbursement for the National School Lunch, School Breakfast, Special Milk, and Meal Supplements programs.

Enter program information for only one *claim month* in items 1 through 16a. This information should include information about the activities during one calendar month, with the exception of the beginning and the end of the school year. For these periods, you may include up to 10 operating days within the month of August on the September claim or up to 10 operating days within the month of June on the May claim.

An error or omission on any of the following items may cause the claim to be rejected, resulting in delays in processing the sponsor's claim and the receipt of reimbursement.

## Part I - Monthly Reporting (Items 1-16a)

These instructions explain each item on the Claim for Reimbursement.

**Item 1. Agreement Number, Name, and Address:** Place printed labels in the space provided (upper right-hand corner) on the original form and one copy. Use only those labels provided to the sponsor for use on the claim form CNFS 71-5. If you deplete the sponsor's supply of labels, type or print the sponsor's agreement number, name, and address in the spaces provided. If more labels are needed, contact CNFS.

**Item 2. Month/Year:** Enter the two-digit month and four-digit year that the claim covers, *not* the month that the claim is prepared. The month and the year must be reported numerically as shown in the following examples:

December 2003 = 1 | 2 | 2 | 0 | 0 | 4    January 2004 = 0 | 1 | 2 | 0 | 0 | 5

Note: You may claim reimbursement only for those months indicated on the sponsor's approved Annual Participation Statement.

**Item 3. Claim Type:** Mark the appropriate box that applies:

- a. An **original** claim is the first claim submitted for a claim month. An original claim returned to a sponsor for correction is still an original claim when resubmitted.

- b. An **adjusted** claim is a revision of a sponsor's previously reported data. Please complete the form in its entirety and report all previously reported data inclusive of the changes. Adjusted figures *replace* the original figures. The claims processing system will compute the differences and adjust the sponsor's reimbursement accordingly. Items 1, 2, and 3 and the certification block must also be completed.

Note: If a correction to an original claim has been requested by the Department of Education, the claim is still marked as an original (box a). Please write the word "correction" at the top of the claim form.

- Item 4.**      **Adjustment Number:** *Do not complete.* This item is for state use only.
- Item 5.**      **Reason Code:** *Do not complete.* This item is for state use only.
- Item 6.**      **Number of Children Approved to Receive Free Meals:** Enter the number of children, from the active enrollment reported in items 12B through 14B, with an approved eligibility application for free breakfasts or lunches on file. An actual count must be conducted each month. Residential Child Care Institutions (RCCI's) that have other documentation of eligibility should report the total number children eligible to receive free meals who participated during the month.
- Item 7.**      **Number of Children Approved to Receive Reduced-Price Meals:** Enter the number of children, from the active enrollment reported in items 12B through 14B, who have approved eligibility applications for reduced-price meals on file. An actual count must be made each month. RCCI's that have other documentation of eligibility should report the total number of children eligible to receive reduced-price meals, who participated during the month.
- Item 8.**      **Number of One-half Pints of Fluid Milk Purchased this Month:** This item applies only to Special Milk Program sponsors. Meal sponsors *do* *not* complete this item.
- Item 9.**      **Total Cost of Fluid Milk Purchased This Month:** This item only applies to Special Milk Program sponsors. Meal sponsors *do not* complete this item.
- Item 10.**     **Number of Children Approved for Free Meal Supplements:** Enter the number of children, from the active enrollment reported in item 16B, with an approved eligibility application for free meals or supplements on file. An actual count must be made each month. Any site in which at least 50 percent of the enrolled children are approved for free or reduced-price meals may report all children in

the Meal Supplement Program as eligible for free supplements. In addition, any site that is located in the attendance area of a school in which at least 50 percent of the enrolled children are approved for free or reduced-price meals may report all the children in the Meal Supplements Program as eligible for free supplements. All the supplements served that meet these requirements may be reported as free (Item 16E).

- Item 11. Number of Children Approved for Reduced-Price Meal Supplements:** Enter the number of children, from the active enrollment reported in item 16B, with an approved eligibility application for reduced-price meal supplements on file. An actual count must be made each month.
- Item 12 Through Item 14. Column A, Authorized Sites Participating:** Enter the number of authorized school sites operating a National School Lunch Program or School Breakfast Program during the month in items 12 through 14, as applicable. This number may not exceed the number of sites authorized on the Annual Participation Statement. Site additions or deletions must be approved by submitting a Site Change Request Form before claiming reimbursement.
- Column B, Enrollment:** On lines 12 through 14 as applicable, enter the total number of children enrolled at each participating site as of the last day of the month. Sponsors of Residential Child Care Institutions should report the total number of eligible children who were served a lunch or a breakfast during the month reported on the claim.
- Column C, Number of Operating Days:** On lines 12 through 14, as applicable, enter the number of days in the claim month when reimbursable meals were served at any authorized site.
- Column D, Paid Meals Served:** On lines 12 through 14, as applicable, enter the number of meals served to children who pay full price for meals during the claim month.
- Column E, Free Meals Served:** On lines 12 through 14, as applicable, enter the number of meals served to children eligible for free meals during the claim month.
- Column F, Reduced-Price Meals Served:** On lines 12 through 14, as applicable, enter the number of meals served to children eligible for reduced price meals during the claim month.

**Column G, Total Meals Served:** On lines 12 through 14, as applicable, enter the total number of meals served to children in each program during the claim month. The total meals must equal the sum of the paid, reduced price, and free meals.

*Note:* Meals reported on the Claim for Reimbursement must be reported on the basis of daily counts, taken at the point of service. Each meal count must identify the number of free, reduced price, and paid reimbursable meals served. The sponsor must have documentation of reimbursable meals from the point of service and accurate meal count and collection procedures. Meal count edit checks must be performed for each participating site's daily meal counts to ensure the accuracy of meals that are reported on the sponsor's reimbursement claim. Refer to the Code of Federal Regulations (CFR) Section 210.8.

Meals consumed by student employees must be claimed in accordance with the student's eligibility category. *Do not* include meals served to adults.

**Item 15. Special Milk:** Meal sponsors *do not* complete this item. This item applies to Special Milk Program sponsors only.

**Item 16. Meal Supplements:** Report all area eligible *and* non-area eligible data.

**Column A, Authorized Sites Participating:** Enter the number of authorized school sites operating a Meal Supplements Program during the month. The number entered may not exceed the number of sites authorized by NSD to participate. Site additions or deletions must be approved by NSD; submit a Site Change Request Form before claiming reimbursement.

**Column B, Enrollment:** Enter the total number of children enrolled at each participating site as of the last day of the month.

**Column C, Number of Operating Days:** Enter the number of days in the claim month when reimbursable meals or supplements were served at any authorized site.

**Column D, Paid Meals Served:** Enter the number of supplements served to children who pay full price for supplements during the claim month.

**Column E, Free Meals Served:** Enter the number of supplements served to children eligible for free supplements during the claim month.

**Column F, Reduced-Price Meals Served:** Enter the number of supplements served to children eligible for reduced-price supplements during the claim month.

**Column G, Total Meals Served:** Enter the total number of supplements served to children in the meal supplements program during the claim month. The total supplements must equal the sum of the paid, reduced price, and free supplements.

*Note:* Meal supplements reported on the Claim for Reimbursement must be reported on the basis of daily counts, taken at the point of service. These counts must identify the number of free, reduced-price, and paid reimbursable meals served. Area eligible sites may report all supplements as free.

An *area eligible* site is any site in which at least 50 percent of the enrolled children are approved for free or reduced-price meals. In addition, if a site is located in the attendance area of a school in which at least 50 percent of the enrolled children are approved for free or reduced-price meals, the site may report all eligibility and supplements as free (item 10 and item 16E).

A site that does not meet the area eligible criteria *non-area eligible* must collect eligibility applications for each child. The approved eligibility of each child must be reported by eligibility type in items 10 and 11. The meals served to these children must be reported by eligibility type in item 16E and 16F.

The sponsor must have documentation of reimbursable supplements from the point of service and accurate meal count and collection procedures. Meal count edit checks must be performed for each participating site's daily meal counts to ensure the accuracy of meals that are reported on the sponsor's reimbursement claim.

Supplements consumed by student employees must be claimed in accordance with the student's eligibility category. *Do not* include supplements served to adults.

**Item 16a.** These columns are for area eligible meal supplement reporting (for information only).

**Column A, Authorized Sites Participating:** Enter the number of authorized *area eligible* school sites that are operating a Meal Supplements Program. The number entered may not exceed the number of sites authorized by NSD to participate. Site additions or deletions must be approved by NSD; submit a "Site Change Request Form" before claiming reimbursement.

**Column B, Enrollment:** Enter the total number of children enrolled at each participating *area eligible* site as of the last day of the month.

**Column E, Free Meals Served:** Enter the number of *area eligible* meal supplements served to children eligible for free meal supplements during the claim month.

## **Part II – Revenue (items 17-22)**

Part II is to be completed only on the *June* claim for reimbursement. *Yearly revenue totals for Summer Seamless Feeding Waiver (SSFW) sites must be included in the revenue totals reported on the June school nutrition claim form.* All monetary figures entered on the claim form must be rounded to the nearest dollar.

Revenue is reported annually in line items 17 through 22 according to the program in which the revenue was earned. Revenue may be reported by using one of the following two accounting methods:

- **Cash** - Actual receipts during the year, or
- **Accrual** - All anticipated revenue earned during the year

**If enrollment is 2,500 children or more, revenue must be reported on an accrual basis.** Other exceptions to reporting accrued revenue are noted.

**Item 17 Column H, Daily Sales (Actual Receipts):** For all sponsors, this item **Through** should be reported on a cash basis. In each of the appropriate items 17 **Item 22.** through 22, report actual cash received from children during the year for meals served under the National School Lunch, Basic Breakfast, Especially Needy Breakfast, and Meal Supplements programs.

*On line Item 21* report actual cash received during the year from all other daily sales, such as a la carte sales, snack bar sales (including milk), and adult sales.

*Note:* If the cost of meals or a la carte food is included in a tuition fee and no separate charge is made to the children, column H should be left blank.

**Column I, Federal Reimbursement:** On the appropriate lines, items 17 through 20, report the sponsor's federal reimbursement for the National School Lunch, Basic Breakfast, Especially Needy Breakfast, or Meal Supplements programs. Include cash-in-lieu of commodities, if any. The SSFW reimbursement should be included

under the appropriate meal type. The SSFW supper reimbursement should be reported under “National School Lunch.”

- **Cash Sponsors.** Enter the federal reimbursement received during the year. Warrants for the federal reimbursement are identified as Federal Trust Fund. The remittance advice, which accompanies the warrant, will identify the portions of the total reimbursement to be reported under each program.
- **Accrual Sponsors.** Enter the federal reimbursement earned during the year. The Monthly Reimbursement Calculation Worksheet (CNFS 71-7, Appendix A-3) may be used to compute the amount reported in each line item. Do not submit the work sheet with the sponsor’s claim form.

**Column J, State Reimbursement:** Enter the basic state reimbursement for the National School Lunch, Basic Breakfast, or Especially Needy Breakfast programs. The SSFW reimbursement should be included under the appropriate meal type. The SSFW supper reimbursement should be reported under “National School Lunch”. In addition, include state reimbursement for eligible meals served in schools that are participating in the State Meal Program under the mandate of Education Code Section 49550 (Chapter 1010, Statutes of 1976).

- **Cash Sponsors.** Report the state reimbursement received during the year on the appropriate line item. Warrants for the state reimbursement will be identified as General Fund. State meal reimbursement is paid on a monthly basis. Cash sponsors need to allocate, on a participation percentage basis, the amount of the warrant among the National School Lunch, Basic Breakfast, and Especially Needy Breakfast programs if the sponsor participates in more than just the National School Lunch Program. Do not forget to include the SSFW reimbursement under the appropriate meal type.
- **Accrual Sponsors.** Enter state reimbursement earned during the year. The Monthly Reimbursement Worksheet (CNFS 71-7, Appendix A-3) may be used to compute the amounts reported on each line item. Do not submit the worksheet with the sponsor’s claim form. Do not forget to include the SSFW reimbursement under the appropriate meal type.

**Column K, Needy Meal Tax/Revenue Add On:** This item will reflect funds transferred into the cafeteria account or fund from general funds that were previously known as the Meals for Needy Pupils Permissive Override Tax (Schedule G of the Revenue Limit Data Sheets and Schedules for Kindergarten through Grade

Twelve School Districts). This transfer of funds should be performed on the basis of a documented bidding procedure. The amount will be reported on line items 17 through 20, on the basis of the programs that the sponsor's district chooses to subsidize.

**Column L, Other:** Report all the other revenue for the year from sources not identified in the above columns. Examples of other revenue are as follows:

- Cash donations
- Interest
- Rebates (money received from the vendor after costs have been reported)
- Percentage from vendors who operate their own machines

Revenue from these sources should be allocated to the various programs by percent of participation in each program or percent of daily sales in each program.

Revenue from banquets, contract sales, sale of food or supplies to organizations, and so forth, should be reported on line item 21 (Miscellaneous Food Services).

**Column M, Total:** For each line item 17 through 22, add the figures that are reported in each column and insert the totals in column M. Verify all totals for accuracy. Claims will be rejected that reflect only data in the total column.

### **Part III - Costs Incurred**

Part III is to be completed only on the *June* claim for reimbursement. *Yearly cost totals for Summer Seamless Feeding Waiver (SSFW) sites must be included in the cost totals reported on the June school nutrition claim form.* All monetary figures entered on the claim form must be rounded to the nearest dollar.

Costs are reported annually in line items 23 through 26. When completing the cost section, adhere to the following guidelines:

- Costs must reflect charges incurred by the food service operation regardless of the source of payment.
- Costs must be reported as they are incurred, not as they are paid.
- Costs for providing contract sales and adult meals cannot be included under the cost areas unless cash is received for those sales and is reported as revenue in item 21H.
- Costs for supper cannot be reported under any of the cost areas unless served at a SSFW site.
- Costs for RCCIs must be allocated according to the costing methods described in Appendix A-11 Allocating Food Service Costs for RCCIs.



Agencies that provide support to the food service programs through the General Fund may allocate their support costs and include them in their reported costs.

**For more detailed information on allocating costs and cost allocation methods, refer to Appendix 11 for RCCIs and Appendix 12 for Non-RCCIs.**

**Item 23. Food:** Enter the total cost of purchased food during the year for which the sponsor is reporting. The sponsor must have invoices showing dates and actual costs. Allowable food costs include these listed below:

- All edible items of purchased food for meals and milk. Do not include costs for supper unless it was served at a SSFW site. Include the cost of contract food items or adult meals only if revenue for those items was reported on line Item 21.
- The costs for processing (e.g., canning, freezing, baking by commercial company), distributing, transporting, storing, or handling any purchased food, and the transportation and handling costs for USDA-donated commodities received during the year. Do not include the fair market value of donated food.
- The contract prices for reimbursable meals and milk for those sponsors that contract for the receipt of breakfasts, lunches, supplements, and milk (and suppers served at SSFW sites).

Schools must use the inventory method for computing the cost of food used. Residential Child Care Institutions must refer to Appendix A-11, "Allocating Food Service Costs for RCCIs".

Sponsors that receive meals from another agency or private company must report the contract price as food cost.

**Item 24. Labor:** Enter costs for all wages and employee benefits for labor dedicated to the food service program (direct) and labor allocated to the food service program(support). Labor costs are those costs generated as a result of a service provided by someone employed by the sponsor. **Include costs incurred (both paid and unpaid) during the year for which the sponsor is reporting.** Include payroll deductions for social security, withholding tax, employee insurance, retirement, and employee benefits. Do not include the value of donated labor.

**Item 25. Other:** Enter the cost of supplies during the year. Cost is derived by using the inventory method (beginning inventory plus purchases less ending inventory). Supplies are those nonfood items that cost less than \$500 or have a useful life of less than one year. Enter the cost of purchased services during the year (both paid and unpaid).

A purchased service is a cost generated as a result of a service provided by a person or agency outside of the sponsor's agency. In addition, include other costs dedicated to food services and costs allocated to food services (such as rental of equipment, repairs, training, travel expenses, audits, laundry, mileage, utilities, fire insurance, and so forth) regardless of the source of payment within the agency.

Equipment costs reported as a part of operating costs must be determined by a depreciation schedule. See page 31, Depreciation of Nonexpendable Food Service Equipment.

Include the cost of office space in public buildings (which includes such items as maintenance, custodial services, and utilities) or the cost of rent by contractual agreements other than rental-purchase agreements or leases with an option to purchase.

Enter any other applicable costs that were not included as food or labor.

**Do not report as a cost the following items:**

- Any money transferred into an equipment replacement fund
- *Actual* cash expenditures for equipment (cost must be calculated by using depreciation method described on page 31)
- The portion of costs allocated to supper (except for Residential Child Care Institutions or suppers served at a SSFW site)

**Item 26. Total Costs:** Add the figures entered in items 23 through 25. Verify all totals to ensure the accuracy of figures. An error or omission on the claim form may result in a delay or loss of reimbursement.

**Certification:** Before submitting the sponsor's claim, be sure to complete this section. Include the name and telephone number of the person preparing the claim, the preparation date, and original the signature of an authorized agency official, title, and date. The signature of the authorized official must be original and in ink. Only original signatures will be accepted.

A sponsor's claim will be returned for correction if it is not properly completed. Place an original signature on the claim before mailing the claim to avoid delays in the sponsor's reimbursement. The agency's authorized official signing the claim is responsible for reviewing and analyzing meal counts to ensure accuracy. *Special Note:* An adjusted claim for reimbursement completely voids all previously submitted data for the same claiming period. Therefore, when submitting an adjustment, the sponsor must report all data whether there has been a change or not.

If you choose to manually determine the federal and state reimbursement earned for the month, complete the Monthly Reimbursement Calculation

Worksheet, Appendix A-3. Do not submit the worksheet with the sponsor's claim; it is for your reference only.